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Programme budget for the biennium 2002-2003

Proposed measures to improve the profitability of the commercial activities of the United Nations

Report of the Secretary-General**

Summary

The Secretary-General was requested to submit a single report on proposed measures to improve the profitability of the commercial activities of the United Nations. The present report outlines the various initiatives and reports on related subjects and proposes that the report on profitability be deferred until the fifty-eighth session. At the same time, proposals are outlined to identify those commercial activities whose primary objective is to disseminate information and to group all of these revenue-producing activities under an administrative structure focusing on outreach. The intention of the Secretary-General to reactivate the Senior Advisory Board on Services to the Public is also indicated.

* A/57/150.

** The preparation of the present report was delayed to allow for the completion of interdepartmental consultations.

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1. By its resolution 56/238, the General Assembly requested the Secretary-General to submit to the Assembly at its fifty-seventh session a single report containing recommendations related to proposed measures to improve the profitability of the commercial activities of the United Nations.

2. In his initial report on this subject (A/55/546), the Secretary-General indicated that, at present, the commercial entities at the United Nations report to both the Department of Public Information and the Office of Central Support Services. The news-stand, catering, the Gift Centre and the United Nations Postal Administration (UNPA) report to the Office of Central Support Services, while the guided tour operations and the sale of publications programme, which includes the United Nations Bookshop, report to the Department of Public Information. Thus, at present, any report on commercial activities has to reflect action taken in both the Department of Public Information and the Office of Central Support Services.

3. Subsequent to the adoption of resolution 56/238, the General Assembly adopted its resolution 56/253, in which it requested a comprehensive review of the Department of Public Information and a report on publications. As a further development, in the context of a report on the development of the capital master plan, the Assembly will also be provided with an update on the visitors' experience project.

4. In addition to the foregoing, the Joint Inspection Unit has undertaken a review of the overall question of commercial activities. That report, together with the response of the Secretary-General, will be submitted to the General Assembly at its fifty-seventh session.

5. Moreover, as a result of its consideration of the Secretary-General's aforementioned initial report, the Advisory Committee on Administrative and Budgetary Questions requested the Secretary-General to undertake a fundamental rethinking of the way in which the United Nations Postal Administration was run and to review the possibility of outsourcing this activity to an enterprise specializing in the production and marketing of philatelic material. That request was based on the Advisory Committee's observations on the decline in income from the sale of stamps and the potential for a loss. In fact, the biennium 2000-2001 ended in a loss for UNPA.

6. As a consequence, UNPA is in the process of introducing a range of products that have provided a strong revenue stream for national postal administrations at the same time as maintaining the overall goal of disseminating information on the activities of the United Nations and the specialized agencies. In particular, on 24 October 2002, a series of stamps will be issued on the subject of AIDS awareness. A portion of the proceeds from the sale of those stamps will be earmarked for the Secretary-General's Fund for AIDS. In addition to these endeavours, UNPA has embarked on cooperative arrangements for the sale of United Nations stamps by national postal administrations.

7. Furthermore, a two-fold review of UNPA is under way. The first aspect is to determine from the external philatelic market whether there is a possibility for outsourcing operations, as suggested by the Advisory Committee; the second aspect is an independent review of the viability of UNPA as a long-term enterprise.

8. All of the above reports, reviews and initiatives will have both a direct and indirect impact on the overall question of the commercial activities of the Organization. Indeed, their interdependencies from both an inter and intradepartmental point of view are such that the comprehensive recommendations, as required by the General Assembly in its resolution 56/238, cannot be finalized without reflecting the various reports and reviews and the Assembly's position on them.

9. In the light of the above, the Secretary-General would propose to submit his comprehensive recommendations to the General Assembly for its consideration in connection with the consideration of the programme budget for the biennium 2004-2005 during its fifty-eighth session.

10. At this juncture, and following discussions between the Department of Information and the Office of Central Support Services, the commercial activities of the Organization should be seen rather as revenue-producing activities as opposed to prima facie commercial activities. Bearing this in mind, these activities naturally fall into two distinct categories: those providing a service primarily to members of delegations and staff members of an essentially ancillary nature, and those whose primary objective is to disseminate information or promote the Organization. It would be the latter grouping, the outreach activities that, by their very nature, would realistically benefit from a separate administrative

environment. In this connection, it would be the Secretary-General's intention to propose the creation, under the jurisdiction of the Department of Public Information, of a unit whose focus would be to further public outreach through a variety of revenue-producing activities.

11. This structure, by bringing together all the various revenue-producing public outreach activities, could have the specific benefit of:

(a) Coordinating all the headquarters activities that relate to visitors, thus providing a valuable foundation for developing the visitors' experience project;

(b) Extending the outreach of the publications programme by enhancing quality through the ability to reinvest revenues and improving marketing through a dedicated administrative structure;

(c) Enhancing the effectiveness of revenue-producing outreach activities at regional offices.

12. The Secretary-General would intend to elaborate on this proposal in the context of his comprehensive recommendations referred to above. It would also be his intention to reactivate the Senior Advisory Board on Services to the Public to ensure that the synergy resulting from the combination of outreach activities is fully reflected in other significant initiatives, particularly that of the development of the visitors' experience project.

Recommendation

13. **The Secretary-General would propose to submit his comprehensive recommendations to the General Assembly for its consideration in connection with the consideration of the programme budget for the biennium 2004-2005 during its fifty-eighth session.**